

Add Section 6076.5 to the Revenue and Taxation Code to exclude from the seller's permit requirements, persons who sell tangible personal property for fund-raising purposes under specified conditions.

Source: Taxpayers' Bill of Rights Hearing

Under existing law, Section 6066 of the Sales and Use Tax Law specifies that every person desiring to engage in or conduct business as a seller within California is required to apply for a seller's permit. Generally, a person who makes three or more sales for substantial amounts in a period of 12 months is required to hold a seller's permit, as is a person who makes a substantial number of sales for relatively small amounts.

This proposal would specify that a person who sells tangible personal property no more than twice a year at an event or show conducted for purposes of raising funds for charity and who derives no more than \$500 in annual gross receipts from those sales shall be exempted from the requirement to hold a seller's permit.

This suggestion was brought to the attention of the Board at the October 31, 2000 Taxpayers' Bill of Rights hearing by representatives of the Redwood Empire Doll & Study Club. This club hosts an annual fund-raising event for purposes of raising funds for charity. Club members participate in the event by selling such items as crafts or garage sale-type merchandise. Members have increasingly become discouraged in participating in this event after discovering that they are required to hold seller's permits and file sales tax returns with the Board for their relatively small volume of sales. This proposal would eliminate the need for these persons to obtain seller's permits when their sales and participation at these events are minimal. Also, the administrative costs to the Board to register these individuals, issue seller's permits, provide instructional information and guidance, and to process sales tax returns are likely to exceed the amount of tax the state derives from these sellers.

Section 6076.5 is added to the Revenue and Taxation Code to read:

6076.5. No permit shall be required of any person who meets the following conditions:

(a) The person's gross receipts from his or her sales of tangible personal property do not exceed \$500 annually;

(b) The person's sales are made exclusively at an event or show that is conducted for the principal purpose of raising revenue for charity and the revenue is actually expended for that purpose; and

(c) The person's participation in the event or show is limited to no more than two times during any calendar year.